1   **1.** (canceled)

1   **2.** (canceled)

1   **3.** (canceled)

1   **4.** (canceled)

1   **5.** (canceled)

1   **6.** (canceled)

1   **7.** (canceled)

1   **8.** (canceled)

1   **9.** (canceled)

1   **10.** (canceled)

1   **11.** (canceled)

1   **12.** (canceled)

1   **13.** (canceled)

1   **14.** (canceled)

15. (canceled)

1   **16.** (canceled)

1   **17.** (canceled)

1   **18.** (canceled)

1   **19.** (currently amended) A method of allocating investment funds among a set of at least two

2   asset classes to optimize valuation of the asset classes over a period of time, data concerning the

3   asset classes being stored in storage accessible to a processor and the method comprising the steps

4   performed in the processor of:

5   employing a linear optimization program to optimize the valuation and

6   in the linear optimization program, using a real option function to determine valuation for

7   each asset class over the period of time for a particular allocation of the funds to the asset class,

8   the valuations for the particular allocations of the funds to the asset class being stored in the

9   storage for access by the processor.

1   **20.** (original) The method set forth in claim 19 wherein:

2   the data concerning the asset classes further indicates for each asset class a risk over the

3   period of time and the method further comprises the step of:

4   employing a constraint in the linear optimization program that specifies a reliability of a

5   return for the portfolio for a particular allocation of funds to the asset classes in the set.

1   **21.** (original) The method set forth in claim 20 wherein:

2   there is a plurality of risks.

1   **22.** (original) The method set forth in claim 20 further comprising the steps of:

2   using the data to determine correlations between the asset classes with regard to the risks

3   of the asset classes; and

4   using the correlations and the particular allocation of funds to determine the reliability of

5   the return for the portfolio.

1   **23.** (currently amended) The method set forth in claim 22 wherein the step of using the

2   correlations further comprises the steps of:

3   using the correlations in determining a standard deviation of the risk for the particular

4   ~~configuration~~allocation; and

5   using the return for the particular allocation of funds and the standard deviation therefor in

6   determining the reliability of the ~~first~~ return <u>for the portfolio.</u>

1   **24.** (original) The method set forth in claim 23 wherein the step of using the correlations in

2   determining a standard deviation of the risk for the particular allocation of funds further comprises

3   the steps of:

4   determining a standard deviation for each of the asset classes with regard to the risk; and

5   using the correlations and the standard deviations for the asset classes in determining

6   covariances between the asset classes with regard to the risk; and

7   using the covariances and the particular allocation of funds in determining the standard

8   deviation of the particular allocation of funds.

1   **25.** (new) A method of allocating investment funds among a set of at least two asset classes to

2   optimize valuation of the asset classes over a period of time, data concerning the asset classes

3   being stored in storage accessible to a processor and the method comprising the steps performed in

4   the processor of:

5   employing an optimization program to optimize the valuation and

6   in the optimization program, using a real option function to determine valuation for each

7   asset class over the period of time for a particular allocation of the funds to the asset class, the

8   valuations for the particular allocations of the funds to the asset class being stored in the storage

9   for access by the processor.

1   **26.** (new) The method set forth in claim 25 wherein:

2   the data concerning the asset classes further indicates for each asset class a risk over the

3   period of time and the method further comprises the step of:

4   employing a constraint in the optimization program that specifies a reliability of a return for the

5   portfolio for a particular allocation of funds to the asset classes in the set.